

**PARKING AND TRAFFIC  
COMMISSION:**

Concession Audit of  
St. Mary's Square Garage

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April 9, 2002



Edward Harrington  
Controller

April 9, 2002

Audit Number 01022

Parking and Traffic Commission &  
Parking Authority Commission  
City and County of San Francisco  
25 Van Ness Avenue, Suite 410  
San Francisco, CA 94102

## President and Members:

The Controller's Audits Division presents the results of its review of the revenues that Parking Concepts, Inc./DAJA, Inc., a joint venture (joint venture), collected from the operations of St. Mary's Square Garage.

**Reporting Period:** October 1, 1997, through September 30, 2000

**Reported Revenues:** \$9,864,562

**Results:** We relied upon the agreed-upon procedures reports submitted by the joint venture's independent audit firm. We found that the joint venture correctly reported the revenues it collected at St. Mary's Square Garage to the San Francisco Parking Authority.

Respectfully submitted,

Noriaki Hirasuna  
Director



# INTRODUCTION

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## BACKGROUND

Parking Concepts, Inc./DAJA, Inc., a joint venture (joint venture), entered into a management agreement (agreement) with the City and County of San Francisco (City) to operate St. Mary's Square Garage (garage) effective October 1, 1997. Although the agreement requires the joint venture to deposit the revenues from the garage's operations into a City-owned revenue account daily, the director of the San Francisco Parking Authority (Parking Authority) authorized the joint venture to make semi-monthly deposit the garage's. As compensation for operating the garage, the Parking Authority pays the joint venture an annual management fee of \$736,272.

To assist the Parking Authority in determining whether the joint venture correctly reported the garage's revenues, the Parking Authority's acting director and the joint venture agreed that the joint venture's accounting firm would perform a special review of the garage's revenues. For each of the three contract years ended September 30, 1998, through September 30, 2000, the accounting firm issued a report on the garage's revenues as a result of it applying certain agreed-upon procedures.

## SCOPE AND METHODOLOGY

The purpose of this review was to assure that the joint venture correctly reported and remitted to the Parking Authority the revenues collected from the operation of the garage. To do this, we determined if the Parking Authority could rely on the results that the joint venture's accounting firm reported for the three contract years ended September 30, 1998, through September 30, 2000. To conduct the review, we normally make inquiries of the accounting firm and, when appropriate, we review its working papers. In this case, we relied on our inquiries. We also determined if the accounting firm identified any exceptions in the reports and assessed if these exceptions warranted additional testwork. Further, we determined if the joint venture paid the garage's parking taxes for the period under review. Finally, to determine if the garage has adequate controls in place, we reviewed the garage's internal controls.



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# AUDIT RESULTS

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## THE JOINT VENTURE CORRECTLY REPORTED THE GARAGE'S REVENUES

In our opinion, based on inquiries we made of the accounting firm, the Parking Authority can rely on the results reported by the joint venture's accounting firm. The revenues reported by the accounting firm agreed with the revenues reported by the joint venture to the Parking Authority. Further, we determined that the joint venture correctly paid the garage's parking taxes for the period under review. Lastly, we determined that the garage's internal controls were adequate. The table below shows the revenues that the joint venture reported to the Parking Authority for the audit period.

TABLE

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**Revenues Reported**  
**Contract Years Ended September 30, 1998, Through September 30, 2000**

	Total
October 1, 1997, through September 30, 1998	\$3,559,508
October 1, 1998, through September 30, 1999	2,520,419
October 1, 1999, through September 30, 2000	3,784,635
Total	\$9,864,562

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Bing Julian-Mantegna, Audit Manager  
Edvida Moore

cc: Mayor  
Board of Supervisors  
Civil Grand Jury  
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